

Twenty-first Annual Report
CANDORE EXPLORATIONS LIMITED



For the Year Ended December 31, 1966

CANDORE EXPLORATIONS LIMITED

25 Adelaide Street W., Toronto 1

(Incorporated under the Laws of the Province of Ontario)

OFFICERS

H. R. HEARD	-	-	-	-	-	-	-	-	-	-	-	President
K. J. BENNER	-	-	-	-	-	-	-	-	-	-	-	Vice-President
L. V. BARBISAN	-	-	-	-	-	-	-	-	-	-	-	Secretary-Treasurer
J. GEDDES	-	-	-	-	-	-	-	-	-	-	-	Assistant Sec.-Treas.

DIRECTORS

H. R. HEARD	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
K. J. BENNER	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
L. V. BARBISAN	-	-	-	-	-	-	-	-	-	-	Cooksville, Ontario
M. KIRSH	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario
P. J. SULLIVAN	-	-	-	-	-	-	-	-	-	-	Toronto, Ontario

AUDITORS

McDONALD, NICHOLSON & Co.
Toronto, Ont.

REGISTRAR AND TRANSFER AGENTS

THE STERLING TRUSTS CORPORATION
372 Bay Street, Toronto, Ontario

CANDORE EXPLORATIONS LIMITED

President's Report to the Shareholders

On behalf of the directors of Candore Explorations Limited I am pleased to present to you the 21st Annual Report containing financial statements as at December 31, 1966, reported upon by your auditors, McDonald, Nicholson & Co., Chartered Accountants.

Through the continuation of its exploration programs Candore expended \$33,897, plus \$965 in the staking of claims in Gand Township, Quebec. The nature of these expenditures and the names of the properties on which they were made appear in the financial statements.

In order to bring you up to date with respect to the more important activities of the company during 1966, we submit the following comments on the individual properties:

Strathcona Township Property

After appraisal of the geophysical surveys completed on the Strathcona Township claims, a limited amount of diamond drilling was done to test the most significant anomalous condition indicated by these surveys. The diamond drilling and surveys did not produce results sufficiently encouraging to warrant further work, therefore arrangements are being completed to return the property to the vendor.

Gand Township, Opawica Area, Quebec

In the spring of 1966 the results of the 1964 diamond drill program were re-appraised, following which a limited drill program was undertaken to confirm and extend the previous results. This drilling confirmed the existence of a short, narrow zone carrying high-grade gold values and discovered a very wide zone of low-grade gold values nearby. Thus encouraged, the company undertook an extended drill exploration program commencing in January of 1967 and which is still progressing. To date, gold mineralization of appreciable width and grade has been found intermittently within a sedimentary formation for a strike length of over 1,600 feet and the zone is still open at both ends. Currently the horizon of gold mineralization is being drilled at regular intervals for evaluation purposes.

In order to extend the company's holdings in this area 16 additional claims contiguous to the company's property were staked.

Township 156, District of Algoma, Ontario

By agreement dated October 28, 1966 Candore granted to Denison Mines Limited a working option on Candore's claims in Township 156, for (1) \$10,000 cash, and (2) an undertaking to carry out a program of diamond drilling of at least 5,000 feet, to be completed not later than October 15, 1967.

In consideration of the said payment and undertaking and the payment by Denison, at its option, to Candore of a further \$15,000 on or before April 15, 1968, Denison has the right to incorporate a new company having an authorized capital of 5,000,000 shares for the purpose of acquiring the property and developing it further.

Upon acquisition of the property, the new company will (1) allot and issue to Candore 70,000 free and 630,000 escrowed vendor's shares and to Denison 5,000 free and 45,000 escrowed vendor's shares; (2) allot and issue to Denison, up to 1,000,000 shares at not less than 15¢ each, for expenditures made by Denison in exploration of the property, Denison having the right to acquire shares for cash at 15¢ each for the difference between the number issued for exploration expenditures and the said 1,000,000 shares. After Denison becomes the holder of 1,000,000 shares purchased for cash and for exploration expenditures, further financing of the new company shall be in blocks of 400,000 shares each at 25¢, 35¢, 45¢, 55¢, 65¢, and 75¢. Of each such block Denison shall be entitled to purchase 75% and Candore 25%.

By agreement dated October 28, 1966 Candore acknowledges that Mid-North Engineering Services Limited was solely instrumental in and responsible for negotiating, on Candore's behalf, the contract with Denison. In consideration therefor, Candore has agreed that if and when Denison forms the new company, Mid-North will have an option (1) to purchase from Candore the 70,000 free vendor's shares issued to Candore for \$10,500; (2) to participate to the extent of 10% of Candore's 25% interest in the further financing of the new company, and (3) to participate in the purchase of treasury shares in the new company to the extent of Candore's interest if Candore at any time does not do so.

The drilling program started in March 1967. Two holes have been drilled. The first was discontinued after 672 feet when it became apparent that the drill had deflected. The second was drilled to the basement rocks and stopped at a depth of 1,782 feet. Further diamond drilling will be resumed after break-up when closer communication with the project can be maintained.

General

Although no work has been done on the company's properties in Township 150, District of Algoma, Ontario and in Senneterre, Que., these properties are being retained in good standing.

As results from exploration of the properties in Ireland in which Candore holds a one-third interest were negative, this work was stopped.

A provision of \$54,000 was recorded in the company's accounts to recognize the decline in the market value of shares in other companies owned by Candore.

The Annual Meeting of the Shareholders of the company will be held in Suite 416, 25 Adelaide Street West, Toronto 1, Ontario, at 11:00 o'clock in the forenoon, on May 16, 1967. Shareholders are invited. If you are unable to attend in person, and wish to be represented, you may complete the enclosed form of proxy and return it to the company's office.

Respectfully submitted on behalf of the Board,

H. R. HEARD,
President.

Toronto, Ontario,
April 10, 1967.

CANDORE EXPLORATIONS

(Incorporated under the laws of the Province of Ontario)

Balance Sheet —

(With comparative figures for 1965)

ASSETS		1966	1965
CURRENT ASSETS			
Cash in Banks	\$	21,764	\$ 71,630
Accounts Receivable		14,884	16,152
Bank Deposit Receipts, 5½%		100,000	—
		<u>136,648</u>	<u>87,782</u>
INVESTMENTS			
Listed Shares of Other Mining Companies, at cost	—		57,264
Unlisted Shares and Other Investments at cost, less Allowance for Possible Loss on Realization (1966 Allowance \$54,000, 1965 Allowance Nil)	22,664		9,400
Oil Royalty Interest, at nominal value (at cost in 1965)	1		9,556
	<u>22,665</u>		<u>76,220</u>
INTEREST IN SUBSIDIARY COMPANY			
Dolphin Miller Mines Limited (Note 3)			
Shares, at cost	109,225		109,225
Advances	21,130		21,130
	<u>130,355</u>		<u>130,355</u>
INTEREST IN AND EXPENDITURES ON MINING PROPERTIES, at cost (Note 1)			
Mining Properties, per Schedule herewith, including a valuation of \$95,000. attributed to 550,000 shares of capital stock issued for claims	200,800		209,835
Deferred Exploration Expenditures, per Statement herewith	167,047		141,071
Expenditures re Pidgeon Molybdenum Mines Ltd. — Recoverable from production profits only	61,504		61,504
Machinery and Equipment	669		669
	<u>430,020</u>		<u>413,079</u>
ORGANIZATION EXPENSE	10,243		10,243
	<u>\$ 729,931</u>		<u>\$ 717,679</u>

The accompanying Notes form part of the financial statements.

AUDITOR'S REPORT

To the Shareholders,
CANDORE EXPLORATIONS LIMITED,
TORONTO, Ontario.

We have examined the Balance Sheet of CANDORE EXPLORATIONS LIMITED and the Statement of Exploration Expenditure and Source and Disposition of Funds for the year ended 31st December, 1966, and the results of such tests of accounting records and other supporting evidence as we considered necessary.

In our opinion the accompanying Balance Sheet and related Statements of Financial Position and Statement of Exploration Expenditure and Source and Disposition of Funds for the year ended 31st December, 1966, and the results of the financial position of the Company as at 31st December, 1966, and the results of the operations for the year ended 31st December, 1966, are in accordance with generally accepted accounting principles applied on a basis consistent with the accounting policies of the Company.

TORONTO, 30th March, 1967.

ATIONS LIMITED

(the Province of Ontario)

December, 1966

31st December, 1965)

LIABILITIES

CURRENT LIABILITIES

	1966	1965
Accounts Payable and Accrued Charges	\$ 4,697	\$ 4,036

SHAREHOLDERS' EQUITY

Capital Stock (Note 2)

Authorized 5,000,000 shares of Par Value \$1.00 each \$5,000,000

Issued and Fully Paid — 4,610,000 shares (4,210,000 shares in 1965) 4,610,000 4,210,000

Less: Discount 2,882,000 2,574,000

1,728,000 1,636,000

Surplus arising from Reorganization of Capital Structure 162,978 162,978

1,890,978 1,798,978

Deficit per Statement herewith 1,165,744 1,085,335

725,234 713,643

Approved on behalf of the Board:

H. R. HEARD, Director.

L. V. BARBISAN, Director.

\$ 729,931 \$ 717,679

egral part of this Statement.

REPORT

D as at 31st December, 1966, together with the Statements of Deficit, Deferred date. Our examination included a general review of the accounting procedures and in the circumstances.

ferred Exploration Expenditure and Source and Disposition of Funds present fairly rations and the source and disposition of funds for the year ended on that date, in that of the preceding year.

McDONALD, NICHOLSON & CO.,
Chartered Accountants.

CANDORE EXPLORATIONS LIMITED

Statement of Deficit

For the year ended 31st December, 1966

(With comparative figures for the year ended 31st December, 1965)

	1966	1965
BALANCE, 1st January	\$1,085,335	\$ 992,941
<i>Add:</i>		
Mining Properties Abandoned		
Cost of Claims	—	22,500
Exploration Expenditures thereon	7,921	37,576
Provision for Possible Loss on Realization of Investments	54,000	—
Amount written off Oil Royalty Interest	9,555	—
	<u>1,156,811</u>	<u>1,053,017</u>
Administrative Expenses		
Annual Meeting Expenses	1,778	1,197
Directors' fees	500	750
Head Office Maintenance	6,000	4,400
Legal and Audit	650	960
Printing, Stationery and Office Expense	1,184	469
Public Relations	125	655
Taxes Other than Income	11	473
Transfer Agent's Fees and Expenses	1,442	1,469
	<u>11,690</u>	<u>10,373</u>
Loss on Sale of Securities	—	25,390
	<u>11,690</u>	<u>35,763</u>
<i>Deduct:</i>		
Miscellaneous Income		
Interest	2,757	3,425
Royalties	—	20
	<u>2,757</u>	<u>3,445</u>
	<u>8,933</u>	<u>32,318</u>
BALANCE, 31st December, transferred to Balance Sheet	<u>\$1,165,744</u>	<u>\$1,085,335</u>

The accompanying Notes form an integral part of this Statement.

CANDORE EXPLORATIONS LIMITED

Statement of Deferred Exploration Expenditures

For the year ended 31st December, 1966

(With comparative figures for the year ended 31st December, 1965)

EXPLORATION EXPENDITURES DURING YEAR	1966	1965
Diamond Drilling	\$ 17,238	\$ 19,800
Engineering and Technical Supervision	8,301	8,621
Geophysical and Other Surveys	2,225	4,418
Camp Maintenance	2,467	4,485
Taxes and Other Government Fees	1,339	368
General Expense	2,327	1,431
	<u>33,897</u>	<u>39,123</u>
Balance, 1st January	141,071	139,524
	<u>174,968</u>	<u>178,647</u>
<i>Deduct:</i> Amounts expended on properties abandoned, transferred to Deficit		
General Prospecting, Ontario	761	446
Phillips Township, Ontario	3,808	3,041
Hepburn Township, Ontario	1,353	
Townships 169 and 176, District of Algoma, Ontario	1,999	
Dorothea Township, Ontario		31,387
Jessop Township, Ontario		2,702
	<u>7,921</u>	<u>37,576</u>
BALANCE, 31st December, transferred to Balance Sheet, representing expenditures on the following properties:	<u>\$167,047</u>	<u>\$141,071</u>
Strathcona Township, Ontario	\$ 6,611	\$ 667
Gand Township, Quebec	58,866	39,523
Township 156, District of Algoma, Ontario	47,790	45,252
Senneterre Township, Quebec — Group #1	46,426	46,426
Senneterre Township, Quebec — Group #2	250	130
Township 150, Blind River Area, Ontario	7,104	6,981
Hepburn Township, Ontario		1,257
Townships 169 and 176, District of Algoma, Ontario		835
	<u>\$167,047</u>	<u>\$141,071</u>

The accompanying Notes form an integral part of this Statement.

CANDORE EXPLORATIONS LIMITED

Statement of Source and Disposition of Funds

For the year ended 31st December, 1966

(With comparative figures for the year ended 31st December, 1965)

SOURCES OF FUNDS	1966	1965
Sale of Capital Stock	\$ 92,000	\$ 50,000
Interest Received	2,757	3,445
Property Option Payment Received	10,000	—
Realization of Investments	—	9,485
	<u>104,757</u>	<u>62,930</u>
 DISPOSITIONS OF FUNDS		
Exploration Expenditure	33,897	39,123
Property Purchase and Option Payments	965	20,500
Fixed Asset Addition	—	669
Investments and Interests in Other Companies	10,000	3,000
Administrative Expenses	11,690	10,373
	<u>56,552</u>	<u>73,665</u>
INCREASE (DECREASE) IN WORKING CAPITAL	48,205	(10,735)
Working Capital, 1st January	83,746	94,481
WORKING CAPITAL, 31st December	<u>\$ 131,951</u>	<u>\$ 83,746</u>
Current Assets	136,648	87,782
Current Liabilities	4,697	4,036
WORKING CAPITAL	<u>\$ 131,951</u>	<u>\$ 83,746</u>

The accompanying Notes form an integral part of this Statement.

CANDORE EXPLORATIONS LIMITED

Schedule of Mining Properties

31st December, 1966

(With comparative figures at 31st December, 1965)

PATENTED MINING CLAIMS	Number of Claims Held	Book Value	
		1966	1965
Township 156, District of Algoma, Ontario (250,000 shares and \$40,285. cash)	32	\$ 80,285	\$ 90,285
Township 150, Blind River Area, Ontario (cash)	6	32,550	32,550
UNPATENTED MINING CLAIMS			
Gand Township, Quebec (cash)	46	10,465	9,500
Senneterre Township, Quebec — Group #1 (300,000 shares and \$20,000. cash)	4	65,000	65,000
Senneterre Township, Quebec — Group #2 (cash)	4	10,000	10,000
OPTIONS			
Strathcona Township, Ontario (cash)	42	2,500	2,500
		<u>\$ 200,800</u>	<u>\$ 209,835</u>

Notes to Financial Statements

31st December, 1966

1. MINING PROPERTIES:

By agreement dated the 28th October, 1966, the company granted to Denison Mines Limited a working option on its mining property in Township 156, District of Algoma, Ontario, for (1) \$10,000 cash and (2) an undertaking to do at least 5,000 feet of diamond drilling by the 15th October, 1967.

In consideration of the aforesaid payment and undertaking and a further payment, at its option, of \$15,000 cash by the 15th April, 1968, Denison shall have the right to incorporate a 5,000,000 share company to acquire the mining property for 700,000 shares to be issued to Candore and 50,000 to Denison. A maximum of 1,000,000 shares in the capital of the new company will be issued to Denison for not less than 15¢ per share for exploration expenditures and/or for cash.

After the issue of the aforesaid 1,750,000 shares, further financing of the new company will be in blocks of 400,000 shares each at 25¢, 35¢, 45¢, 55¢, 65¢ and 75¢ per share. Candore has the right to participate to the extent of 25% of such further financing.

By agreement dated the 28th October, 1966, Candore acknowledged that Mid-North Engineering Services Limited was instrumental in and responsible for negotiating the above contract on Candore's behalf. In consideration therefor the company has granted Mid-North an option (1) to buy for \$10,500, 70,000 of the shares of the new company issued to Candore; (2) to participate to the extent of 10% in Candore's 25% interest in the further financing of the new company, and (3) to exercise any portion of Candore's participation in the financing of the new company that is not exercised by Candore.

2. CAPITAL STOCK:

Under the terms of an underwriting agreement dated 28th October, 1966, the Company issued for cash during the year 400,000 shares of its Capital Stock at 23¢ per share for an aggregate consideration of \$92,000.00 (1965 — 300,000 shares, aggregate consideration \$50,000.00). There are no further obligations under the said agreement.

3. SUBSIDIARY COMPANY:

The accounts of the subsidiary, Dolphin-Miller Mines Limited, have not been consolidated with those of the Company as it is developing its property and expenditures since acquisition of control have been deferred to future operations.

CAVENDISH GREAT BRITAIN LIMITED

Statement of Financial Position

At the end of the year

1999-2000

	1999-2000	1998-99
Fixed Assets	1,000,000	1,000,000
Current Assets	1,000,000	1,000,000
Capital and Reserves	1,000,000	1,000,000
Liabilities	1,000,000	1,000,000
Total	3,000,000	3,000,000

Statement of Financial Position

At the end of the year

2000-01

	2000-01	1999-2000
Fixed Assets	1,000,000	1,000,000
Current Assets	1,000,000	1,000,000
Capital and Reserves	1,000,000	1,000,000
Liabilities	1,000,000	1,000,000
Total	3,000,000	3,000,000

The accounts of the company for the year ended 31st March 2001 have been audited and the auditors have issued a clean opinion.

The accounts of the company for the year ended 31st March 2000 have been audited and the auditors have issued a clean opinion.

The accounts of the company for the year ended 31st March 1999 have been audited and the auditors have issued a clean opinion.

